

AMENDED IN SENATE APRIL 8, 2003

SENATE BILL

No. 119

Introduced by Senator Morrow

February 3, 2003

An act to add Section 351.5 to the *Public Utilities Code*, relating to energy resources.

LEGISLATIVE COUNSEL'S DIGEST

SB 119, as amended, Morrow. Independent System Operator: *local publicly owned electric utilities*.

~~Existing~~

(1) *Existing* law requires the establishment and operation of an Independent System Operator to ensure efficient use and reliable operation of the state's electricity transmission grid consistent with certain criteria.

~~This bill would state the intent of the Legislature in subsequent amendments to require the Independent System Operator to develop and implement electricity market rules that increase operational transparency.~~

This bill would require a local publicly owned electric utility, as defined, and any agency or political subdivision of the state that sells or purchases wholesale electric energy or wholesale electric capacity in the state to provide certain sales transaction information to the Independent System Operator. The bill would require a local publicly owned electric utility and any agency or political subdivision of the state that owns transmission or contractual transmission rights in the state to provide to the Independent System Operator certain information regarding those rights.

The bill would authorize the Attorney General to obtain from the Independent System Operator that transactional and transmission information regarding the market activities of electrical corporations and any other market participants.

Subject to certain restrictions, the bill would authorize the Independent System Operator and the Attorney General to convey the information to another state agency, and would authorize the Attorney General or other state agency in possession of the information to convey the information to a federal government agency or a federally regulated entity that does not sell or purchase electric energy or capacity at wholesale. The new duties for local publicly owned electric utilities by this bill would impose a state-mandated local program.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes. State-mandated local program: ~~no~~ yes.

The people of the State of California do enact as follows:

- 1 ~~SECTION 1. It is the intent of the Legislature in subsequent~~
2 SECTION 1. (a) *It is the intent of the Legislature to ensure*
3 *that this state's electricity market structure provides competitive,*
4 *low priced, and reliable electric service, ensures that electricity*
5 *customers will have sufficient information and protection from the*
6 *exercise of market power and other misconduct, and preserves this*
7 *state's commitment to developing diverse and environmentally*
8 *compatible electricity resources.*
9 (b) *The Legislature finds and declares that the restructured*
10 *electricity industry may be, at times, susceptible to the exercise of*
11 *market power and to manipulation by entities, including*
12 *governmental entities, engaged in the purchase, sale, bartering, or*

1 *brokering of electric energy and capacity at wholesale in this state.*
2 *The Legislature further finds and declares that, until the*
3 *restructured electricity markets have matured sufficiently to ensure*
4 *a competitive market, California must monitor the activities of*
5 *entities, including governmental entities, engaged in the purchase,*
6 *bartering, or brokering of electric energy and capacity at*
7 *wholesale in this state to prevent the exercise of market power,*
8 *ensure good faith compliance with market rules, and impose civil*
9 *and criminal penalties as necessary toward those ends.*

10 *SEC. 2. Section 351.5 is added to the Public Utilities Code, to*
11 *read:*

12 *351.5. (a) As used in this section, the term “local publicly*
13 *owned electric utility” has the same meaning as defined in Section*
14 *9604.*

15 *(b) A local publicly owned electric utility or any agency or*
16 *public subdivision of the state that sells or purchases wholesale*
17 *electric energy or wholesale electric capacity in California shall*
18 *provide to the Independent System Operator, on a real time, hourly,*
19 *daily, or periodic basis, as determined by the Independent System*
20 *Operator, the following information for each transaction:*

21 *(1) The amount of electric energy or electric capacity provided*
22 *or to be provided pursuant to the transaction.*

23 *(2) The date and time specified in the transaction for the*
24 *delivery of electric energy or availability of electric capacity, the*
25 *terms of any energy exchange or other in-kind transaction, and the*
26 *terms of any option by which delivery of energy may be arranged.*

27 *(3) The readings of the relevant time of use meter before and*
28 *after the delivery of the energy specified in the transaction or, in*
29 *the case of multiple transactions using the same meter at the same*
30 *date and time, transactions.*

31 *(4) The amount and nature of transmission service acquired for*
32 *the transaction, the name of the party from whom the service was*
33 *acquired, and the date and time the transmission service was*
34 *acquired.*

35 *(5) The pricing terms, including, but not limited to, the price*
36 *received from an auction market, of the electric energy or electric*
37 *capacity.*

38 *(6) The name of the other party to the purchase or sale of the*
39 *electric energy and capacity, or the exchange or broker through*
40 *which the sale is made if the electric energy or electric capacity is*

1 *sold through a market in which purchasers are not identified to the*
2 *seller.*

3 *(c) A local publicly owned electric utility or any agency or*
4 *public subdivision of the state that owns transmission or*
5 *contractual transmission rights in California shall provide to the*
6 *Independent System Operator, on an hourly, daily, or periodic*
7 *basis, as determined by the Independent System Operator, a*
8 *description of the terms and conditions of rights under existing*
9 *transmission contracts, and the extent to which those rights are*
10 *scheduled by the rights holder, released for use in forward*
11 *schedules by other parties, or released for use by the control area*
12 *operator in real time.*

13 *(d) The Attorney General may obtain from the Independent*
14 *System Operator the information described in subdivisions (b) and*
15 *(c) regarding the market activities of electrical corporations and*
16 *any other market participants, subject to any limitation under the*
17 *tariff of the Independent System operator or otherwise under*
18 *applicable law.*

19 *(e) (1) The Attorney General may adopt rules and regulations*
20 *as the Attorney General finds are necessary to enforce the*
21 *requirements of this section, including those regulations as the*
22 *Attorney General finds advisable for the electronic transmission*
23 *of the information provided pursuant to this section.*

24 *(2) Information provided pursuant to this section shall be*
25 *provided electronically to the Independent System Operator*
26 *according to rules and regulations as the Independent System*
27 *Operator may adopt.*

28 *(f) (1) Subject to the restrictions in subparagraphs (A) and (B)*
29 *of paragraph (2), the Independent System Operator and the*
30 *Attorney General may convey the information provided pursuant*
31 *to this section to another state agency, and the Attorney General*
32 *or other state agency in possession of the information may convey*
33 *the information to a federal government agency or a federally*
34 *regulated entity that does not sell or purchase electric energy or*
35 *capacity at wholesale.*

36 *(2) The Independent System Operator, the Attorney General,*
37 *and any state or federal government agency to which the Attorney*
38 *General conveys the information provided pursuant to this section,*
39 *may not disclose that information to any person or corporation*
40 *except as follows:*



1 (A) Pursuant to court order.

2 (B) In the course of a criminal or civil proceeding initiated by
3 the Attorney General or the federal government against the
4 electrical corporation, local publicly owned electric utility, or
5 other person or corporation that provided, or caused to be
6 provided, the information.

7 (3) Except as directed by court order, the Independent System
8 Operator, the Attorney General, and any state agency to which the
9 Attorney General conveys the information provided pursuant to
10 this section, may not disclose that information to any federal
11 government agency unless the federal government agency agrees
12 to comply with paragraph (2).

13 SEC. 3. Notwithstanding Section 17610 of the Government
14 Code, if the Commission on State Mandates determines that this
15 act contains costs mandated by the state, reimbursement to local
16 agencies and school districts for those costs shall be made
17 pursuant to Part 7 (commencing with Section 17500) of Division
18 4 of Title 2 of the Government Code. If the statewide cost of the
19 claim for reimbursement does not exceed one million dollars
20 (\$1,000,000), reimbursement shall be made from the State
21 Mandates Claims Fund.

22 ~~amendments to require the Independent System Operator to~~
23 ~~develop and implement electricity market rules that increase~~
24 ~~operational transparency.~~

